

**CITY OF MILACA
COUNCIL MINUTES
September 18, 2025**

Call to Order Roll Call

Mayor Dillan called the meeting of the Milaca City Council to order at 6:00 p.m.

Pledge of Allegiance

Upon roll call, the following council members were present: Mayor Dave Dillan, Councilors: Norris Johnson, Lindsee Larsen, Ken Muller and Tim Poorker.

Staff present: City Manager Tammy Pfaff, Communications Specialist Mary Mickelson, Assistant City Clerk Deloris Katke, and Fire Chief Jesse Gerads.

Others present:

Approval of Agenda

Mayor Dillan called for a motion to approve the agenda. Larsen made a motion for approval, seconded by Johnson. City Manager Pfaff stated the Minor Lot Split was removed from agenda. With no further discussion, all in favor of the approval of the agenda. Motion passes.

Approval of Consent Agenda

Mayor Dillan called for a motion to approve the Consent Agenda.

- a. Approval of Minutes-August 21, 2025
- b. Approval of Bills
- c. Resolution #25-26 Accepting Donation
- d. Resolution #25-27 Lawnmowing Assessment

Mayor Dillan called for a motion to approve the consent agenda. Larsen made a motion for approval, seconded by Johnson. No further discussion. All in favor of the Consent Agenda; motion passes.

Citizen Open Forum

Mayor Dillan asked if anybody present wanted to address anything not on the agenda. No one came forward

Public Hearing:

Requests and Communications

Ordinances and Resolutions

Resolution #25-28 Authorizing Application for Grant Navigation Support for the City: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Larsen. Mayor Dillan the League of MN Cities would help with writing a grant for anything but mainly we are looking at the Milaca Junction Addition. No further discussion. All in favor. Resolution #25-28 Authorizing Application for Grant Navigation Support for the City passes.

Resolution #25-29 Approving Airport Maintenance and Operations Grant Agreement #1060341 with MN DOT: Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Johnson. No further discussion. All in favor. Resolution #25-29 Approving Airport Maintenance and Operations Grant Agreement #1060341 with MN DOT passes.

Ordinance #529 Amending Title XI Business Regulations by Adding Chapter 122 Adult Use Cannabis and Cannabis Business and Cultivation and Amending Title XV Land Usage by Amending Chapter 156 by Adding Section 200 Adult Use Cannabis and Cannabis Business and Cultivation-Second Reading: Mayor Dillan called for a motion to approve. Motion by Larsen, seconded by Muller. No further discussion. All in favor. Ordinance #529 Amending Title XI Business Regulations by Adding Chapter 122 Adult Use Cannabis and Cannabis Business and Cultivation and Amending Title XV Land Usage by Amending Chapter 156 by Adding Section 200 Adult Use Cannabis and Cannabis Business and Cultivation-Second Reading passes.

Resolution #25-30 to Summarize Ordinance #529: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Larsen. No further discussion. All in favor. Resolution #25-30 to Summarize Ordinance #529 passes.

Ordinance #547 Amending Title XV (Land Usage) Chapter 156 (Zoning) Section 056(F)(7) Yard Requirements-Second Reading: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. No further discussion. All in favor. Ordinance #547 Amending Title XV (Land Usage) Chapter 156 (Zoning) Section 056(F)(7) Yard Requirements-Second Reading passes.

Resolution #25-31 Adopting the 2026 Preliminary Budget and Proposed Tax Levy: Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Johnson. Johnson stated that he saw that the levy increase was at 6.5% and he thought the council agreed to the 5%. Pfaff stated yes, it was the 5% levy increase and that the correct levy was resent to council members. You should have received a second email in regard to this. Mayor Dillan stated this gives us a few months to tweek the budget. Poorker stated that with all the projects coming up and the increase in insurance that he felt this was a pretty responsible levy. No further discussion. All in favor. Resolution #25-31 Adopting the 2026 Preliminary Budget and Proposed Tax Levy passes.

Reports of Departments, Boards and Commissions

City Manager –

Police –

Parks –

Public Works – Contractor's Request for Payment #1 to Molitor Excavating in the Amount of \$109,720.25: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. No

further discussion. All in favor. Contractor's Request for Payment #1 to Molitor Excavating in the Amount of \$109,720.25 passes.

Public Works – Preparation of Feasibility Report for Future Municipal Utilities for Siemers Family Property (#21-000-3010): Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Muller. Mayor Dillan stated this is to look at the property north of Hwy. 23. Johnson asked if this would be done when Hwy. 23 is done and Pfaff stated yes. He then asked if this would be assessed onto the property owners and Pfaff stated yes. Poorker asked what the cost of the feasibility study would be and Pfaff stated she did not know but that cost would also be assessed to the property owner so all costs would be recouped. The Siemers family wanted a more accurate cost so a feasibility report would need to be done to get that estimate. No further discussion. All in favor of Preparation of Feasibility Report for Future Municipal Utilities for Siemers Family Property (#21-000-3010) passes.

Public Works - Feasibility Report for Rum River Cooperative School: Mayor Dillan called for a motion to approve. Motion by Johnson, seconded by Muller. Mayor Dillan stated this is for water and sewer to go to their property. Pfaff stated correct and that this would also be assessed. Johnson asked if this would be coming across County Road 2 in the construction zone and Pfaff stated no that it will come off of 5th Street by the dental clinic there. Per Pfaff, during a meeting with MN DOT, there was some discussion if the sidewalk could be extended to the school coming off of Hwy. 23 but MN DOT did not want to do that. No further discussion. All in favor of the Feasibility Report for Rum River Cooperative School passes.

Fire Department – Fire Chief Gerads was present and stated the fire department is looking at a 2008 rescue truck that is up for auction from the City of Excelsior. The current rescue truck is a 1993 (32 years old). Gerads further explained that they don't have the money in reserves but they should in a year as they donate roughly \$100,000-\$150,000 a year to the city from our gambling relief fund. It has a bunch of equipment that they are not going to use since they are discontinuing the use of a rescue truck and thinking it could sell for around \$125,000 to \$250,000. A new one like this would cost around \$900,000 with no equipment. We will be selling old Engine 2 which is coming up next month for about \$20,000 and then we would sell the rescue truck that we have for about \$20,000. We did the same thing with our engine and paid that off in 7 months? Pfaff stated there was \$34,000 in the reserve fund. Pfaff stated the only problem is that it puts us in a cash flow problem if the money isn't there in reserve so then I have to cash out a CD. Johnson asked if the fire department would also reimburse the city the interest that we would lose and Pfaff stated yes, we would add that in to the reimbursement cost. Johnson stated then that would be a wash for the city. Poorker asked what happens if we wait a year and Gerads stated that truck would not be there as it is an online auction. Poorker then asked how concerned are you if we don't do this? Gerads replied it's not like the truck is falling apart or anything but the fire trucks that we have are older than any city vehicle.

(Damien arrived at 6:21 p.m.)

Pfaff stated the auction closes on the 25th and further stated that there is a possibility that they could do a community facilities note for the truck rather than cashing out a CD. Interest rate would be about the same. Johnson asked if we had any CD's coming due and Pfaff stated no that they would get penalized for early withdrawal. Johnson stated that it sounds like a pretty good opportunity. He further stated that they have spent a lot of money lately but if it could be a wash for the city, it would be a good thing. Pfaff asked if the council wanted her to try to get the community facilities note and they agreed to have her apply for that. Johnson said he would agree to this as long as there was no cost to the city in regard to interest or penalties. Gerads stated he knows what the reserve is and Pfaff asked if it was higher than the fire department reserve funds and Gerads stated oh yeah. It's going to be \$125,000 to \$150,000. Johnson asked if there would be any other purchase that they would be considering in the future and Gerads stated

they should be pretty good now. Johnson asked if they would be good for 10-12 years now and Gerads stated probably 6-10 years.

Mayor Dillan asked if everyone was good on Johnson's thought on the loan program, fallback on CD's if we had to? Johnson then stated as long as there was no cost to the city. Mayor Dillan called for a motion to approve the fire department to put a bid on the 2008 rescue truck. Motion by Johnson, seconded by Larsen. Muller asked if he needed a decision on this tonight and Gerads stated the auction is the 25th. No further discussion. All in favor. Motion passes.

Planning & Zoning-

Airport –

Committees

Budget:

EDC:

Unfinished Business

New Business

- a. Call for a Public Hearing on December 18, 2025 at 6:00 p.m. for the Truth and Taxation meeting. Mayor Dillan called for a motion to approve. Motion by Poorker, seconded by Muller. No further discussion. All in favor of having the Public Hearing on December 18, 2025 at 6:00 p.m. Motion passes.


Miscellaneous

Council Comments


Poorker stated 1st St looks good with the new sidewalk and the new apartments look good. Mayor Dillan stated the property out at the Milaca Junction is now listed. He also wanted to thank Quinn as there was a scavenger hunt going on in town and one item was to take a selfie with an officer and the Milaca Police Department was good enough to go along with that.

Adjourn:

Mayor Dillan called for a motion to adjourn. Motion made by Johnson, seconded by Poorker to adjourn. No further discussion. All in favor, motion to adjourn passes. Meeting adjourned at 6:30 p.m.


Mayor Dave Dillan

Attest:


Tammy Pfaff, City Manager